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C O N F I D E N T I A L SECTION 01 OF 02 MUSCAT 000462

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DEPARTMENT FOR NEA/ARP, NEA/PI FOR SFRANCESKI AND RKAPLAN,
DRL FOR AANZALDUA
USTR FOR JBUNTING AND AROSENBERG
DOL FOR JSHEA, BSHEPARD AND JRUDE

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SUBJECT: MINISTRY OF MANPOWER SET TO APPROVE OMAN'S FIRST
UNIONS

REF: A. 06 MUSCAT 1565

1B. 06 MUSCAT 1573

1C. MUSCAT 27

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 b/d.

11. (SBU) Summary: The Ministry of Manpower (MOM) likely will approve Oman's first labor union by the end of May 2007. The MOM is actively encouraging employee groups currently organized as representative committees (RC)) Oman's precursors to unions) to become legally recognized unions. Many of these RCs lack the institutional capacity or membership to meet the minimum legal requirements for union formation, however, and workers - particularly expatriate laborers - remain largely unaware of the potential benefits of union membership. Both of these factors may retard union growth without further capacity building and awareness-raising efforts. End summary.

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Oman's First Unions
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12. (C) Officials at the MOM tell poloff that the Ministry is set to approve Oman's first four labor unions as provided under Royal Decree 74 of July 2006, which legalized unions and initiated comprehensive reforms to Oman's labor laws (ref A). Within the next two months, these officials claim, the Ministry should officially recognize unions at the following businesses: the engineering and contracting company Galfar, the Grand Hyatt Muscat, the Oman Arab Bank, and Sogex Oman, which operates and maintains power and desalination plants. The officials stated that these four companies had active RCs that were the first to meet the basic requirements of union formation and to complete the long process of review mandated by Ministerial Decision (MD) 311 on union organizing (ref B).

13. (C) Officials postulated that Galfar's union likely will be the first of the four to be approved. In accordance with the regulations specified in MD 311, the Ministry of Legal Affairs published Galfar's union application in its Official Gazette on April 1, initiating a 30-day period in which "any affected party" could object to the union's formation. MOM officials said they received no objections by the closing date of May 1, and while MD 311 gives the Ministry 60 additional days to endorse the application, they expect to approve Galfar's union quickly. The applications of the Grand Hyatt, Oman Arab Bank and Sogex were more recently published in the April 15 and May 1 editions of the Gazette, and therefore remain on hold during the "no objection" period. Officials tell poloff, however, that they do not foresee any problems that would forestall approval at the

earliest date.

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MOM Pushing Hard for Unions...
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¶ 14. (C) MOM officials say that they are reaching out to the rest of the 34 registered RCs as part of an awareness-raising campaign, and hope that the number of union applications will increase once employees in other companies become aware that the first four unions are active. They contend that the Minister of Manpower Jum'a bin ali al Jum'a has placed a high priority on facilitating union development and bringing the existing RCs into compliance with MD 311. The officials admitted, however, that they are facing difficulties in finding employee groups - even among the existing RCs - that have the institutional capacity to support unions. They stated that they have had to reject applications for union registration because some of the RCs and previously unorganized employee groups have been unable to meet the minimum requirements of MD 311, including being able to list the names of at least 25 founding members.

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... In the Face of Worker Apathy
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¶ 15. (C) Contacts among worker representatives suggest that the Ministry faces an uphill battle in jump-starting the formation of unions, due in part to worker apathy about union membership (ref C). Dr. Rashid al Ghailani, the General Manager of Human Resources whom workers elected to lead Galfar's union, told poloff that he senses no impetus among the company's almost 20,000 expatriate and Omani employees to

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organize, and that Ministerial pressure was the biggest contributing factor to the union's establishment. He claimed that the MOM "literally begged" him to submit a union application and that, while 120 employees attended the initial organizing meeting, most came as a special favor to him.

¶ 16. (C) Dr. Ghailani further stated that the company's expatriate employees, most of whom are low-skilled, low-paid laborers, have displayed the least interest in the union to date, believing, he surmised, that unions are meant only for Omanis. 90% of those who attended the first meeting were Omani, he said, even though Omanis represent less than 22% of the company's total workforce. As a result, the union's elected leadership is entirely Omani, and it will be difficult, Dr. Ghailani commented, to ensure that expatriate concerns are represented.

¶ 17. (C) Poloff also met with leaders of the RC at the National Bank of Oman (NBO), who claimed that bank employees are similarly apathetic about forming a union. Nasser al-Rahbi and Iqbal Mohammad, who helped start the RC in 2005 and served on its board, said that their fellow employees complain that the RC was largely ineffectual in representing their interests and, therefore, are predisposed to believe that a union would not benefit them. Employees balked at the RC's initial suggestion that each pay one Omani Riyal (OR) (USD 2.60) per month in union dues, and demanded that they receive some assurance that the union would give them "value for money." Al-Rahbi stated that more than 25 employees have expressed a willingness to join the union, and that he and Mohammad intend to submit the union's registration application to the MOM soon. They candidly stated, however, that they feel confounded by the logistical challenge of communicating with more than 1,200 staff spread throughout 49 branches in Oman and abroad in advance of upcoming elections, and are making up the rules for those elections as they go along.

¶ 18. (C) Comment: The fact that unions are forming and

receiving Ministerial approval is an important step towards implementing Oman's labor reforms. The initial absence of worker enthusiasm about unions may simply be a product of union growing pains and ignorance on the part of employees. It also suggests, however, that much more emphasis needs to be placed on raising awareness among the workers' rank and file about the potential benefits that unions could provide. This is particularly true among expatriate laborers who presently feel sidelined, but likely stand the most to gain from becoming organized. End comment.

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